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(2)

No. 84-1221

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

ROLLFORM INCORPORATED AND GEORGE ADAMS,
Petitioners,

vs.

ROGER NEIL WEINAR AND NATIONAL GYPSUM,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ERIC P. SCHELLIN
Counsel of Record

ERIC P. SCHELLIN,
2001 Jefferson Davis Hwy
Suite 301, Crystal Plaza 1
Arlington, Virginia 22202
Telephone: 703-521-1666
Attorney for Respondents

of Counsel
JEROME J. NORRIS

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Questions Presented

Given the admission by Petitioners that it does not challenge the findings of validity or infringement of the patent in suit. . . .

1. Was the United States Court of Appeals for the Federal Circuit and the District Judge not correct in holding that National Gypsum is entitled to damages as an exclusive distributor throughout the entire United States for the patented product; and

2. Does the decision of the appellate court below, which is wholly consistent with this court's decision in Waterman v. MacKenzie, 138 U.S. 252, (1891) and other appellate court decisions, warrant review by this court.

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INTRODUCTION

Respondents oppose ROLLFORM INCORPORATED AND GEORGE ADAM'S petition for a writ of certiorari to the United States Court of Appeals for the Federal Circuit.

SUMMARY OF ARGUMENT

This controversy arises in the context of an action for patent infringement. Roger N. Weinar and National Gypsum were, respectively, patentee and exclusive distributor of the patented product in the United States when Petitioners manufactured and sold the infringed product in the United States. Because of the "character" of the transfer to National Gypsum

of an undivided part or share of the exclusive right to sell the patented product throughtout the United States, Petitioners asserted no liability in damages for patent infringement to Respondent, National Gypsum, under the requirements of Title 35 [1,2,3] of the United States Code.

The United States Court of Appeals for the Federal Circuit affirmed [A1*] the jury verdict in the District Court that Petitioners manufactured and sold products protected by Respondent Weinar's valid U.S. Patent No. 4,117,644. This infringing act of a valid U.S. Patent entitles successors in title and interest to recover damages.

The result below follows Waterman v. MacKenzie, 138 U.S. 252 (1981). Littlefield v. Perry, 88 U.S. 205 (1874); Paper-Bag Cases, 105 U.S. 766 (1881); Birdsell v. Shaliol, 112 U.S. 485 (1884). In re Precision Screen Machines, Inc., 729 F.2d 1428, 221 USPQ 1034 (Fed. Cir. 1984); Wing Engineering Corp v. U.S., 151 F.Supp. 314, 113 USPQ 343 (Ct. Cl. 1957); Pratt & Whitney Co. v. U.S., 153 F.Supp. 409, 114 USPQ 246 (Ct. Cl. 1951), and Western Electric Co. v. Pacent Reproducer Corp., 42 F.2d 116, 5 USPQ 105 (2d Cir. 1930).

The decision of the Federal Circuit presents no conflict with the decision of another federal court of appeals on the same matter and has not so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for, an exercise of this Court's power of supervision, and has not decided an important question of federal law which has not been, but should be

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[1] 35 U.S.C. Section 281 Remedy for infringement of patent-A patentee shall have remedy by civil action for infringement of his patent.

[2] 35 U.S.C. Section 100 (d) the word "patentee" includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.

[3] 35 U.S.C. Section 261 Ownership-Assignment-Subject to the provisions of this title, patents shall have the attributes of personal property.

* A1 references are to the appendix included in Petitioners' Petition herein which precludes Petitioners from denying liability to Patentee's exclusive distributor. It furthermore renders the infringers absolutely liable for damages in accordance with clear decisions of this court and appellate courts.

settled by this Court, and is not inconsistent with the requirements of 35 U.S.C. 261[4].

For the reasons set forth below. Rollform Incorporated et al's petition for a writ of certiorari should be denied.

ARGUMENT

The case law over the years has expounded a general rule respecting two parties sharing Patent property rights after transfer; namely, that the two parties may have their respective rights protected by injunction and each, when properly joined in a suit, are entitled to damages.

Littlefield v. Perry, 88 U.S. 205 (1874); Paper-Bag Cases, 105 U.S. 766 (1881); Birdsell v. Shaliol, 112 U.S. 485 (1884). See, also, In re Precision Screen Machines, Inc., 729 F.2d 1428, 221 USPQ 1034 (Fed. Cir. 1984) (Refusal to dismiss complaint of field of use license, patentee not joined, held not abuse of discretion warranting mandamus); Wing Engineering Corp. v. U.S., 151 F. Supp. 314, 113 USPQ 343 (Ct. Cl. 1957) (patentee's reservation will not preclude suit by licensee who attempted to join patentee); Pratt & Whitney Co. v. U.S., 153 F.Supp. 409, 114 USPQ 246 (Ct. Cl. 1951) (limited licensee may sue when patentee refuses to join after notice and invitation); and Western Electric Co. v. Pacent Reproducer Corp., 42 F.2d 116, 5 USPQ 105 (2nd Cir. 1930).

Additionally in Waterman v. MacKenzie, 138 U.S. 252 (1891) it was established that the transfer of an undivided part or share of the exclusive right to make, use and vend an invention throughout the United States vests in the transferee a right to sue infringers jointly with the transferor.

In Waterman v. MacKenzie, supra, this court clearly sets forth the three formats for transferring the monopoly conferred by a patent by stating that,

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[4] 35 U.S.C. Section 261 Ownership-Assignment-Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

> "The patentee or his assigns may, by instrument in writing, assign, grant and convey, either 1st, the whole patent, comprising the exclusive right to make, use, and vend the invention throughout the United States; or 2nd, an undivided part or share of that exclusive right; or 3rd, the exclusive right under the patent within and throughout a specified part of the United States. Rev Stat. ¶ 4868. A transfer of either of these three kinds of interests in an assignment, properly speaking, and vests in the assignee a title so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone."

The facts of the present case fall within the second format because National Gypsum, who received an undivided part of the exclusive right to sell sued infringers Rollform et al jointly with Weinar, the patentee—assignor.

Further, as so aptly put by Chief Judge, Markey, in the affirming decision at the Federal Circuit, Rollform et al's argument that National Gypsum's exclusive distributor rights to sell throughout the entire territory in which the patent could have any legal effect, i.e., the United States, is not an "exclusive license to sell", is "disingenuous" because, "taken seriously, it would preclude every exclusive license to sell not accompanied by a license to make and vice versa."

Rollform et al relies upon Gayler et al v. Wilder [5] and Pope Manufacturing Company v. The Gormully and Jeffrey Manufacturing Company [6] cases and contends that National Gypsum is a mere licensee having no right to join in suit; however, this completely disregards the findings in the District Court that National Gypsum is not a bare licensee, and that its status to sell is that of an exclusive distributor. This fact pattern and the findings renders the Gaylor and Pope decisions inapplicable to the present case.

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[5] 10 How. 504, 136. Ed. 504, 51 U.S. 477 (1850).

[6] 36 L. Ed. 420, 144 U.S. 248, 12 S.Ct. (1892).

It is undisputed by Rollform et al that Gypsum is the exclusive distributor throughout the entire territory in which the patent has a legal effect, i.e., the United States. Rollform characterizes National Gypsum's sales as non-exclusive because Weinar's sales to National Gypsum is under an oral contract in the state of New York giving National Gypsum the exclusive right to sell as sole distributor in the United States, and because Weinar sells the product to a distributor in Canada, where the U.S. patent has no legal effect.

Rollform et al asserts nothing in the contract law of New York to show that the oral agreement was defective to transfer exclusive distributor rights as seller to National Gypsum. Neither did Rollform et al move at trial court to sever National Gypsum from the case as an improper party plaintiff without standing to sue.

The right of two parties sharing property rights in a patent to sue for damages is well established as mentioned in the cases supra.

As there was no dispute between patentee Weinar and exclusive distributor National Gypsum regarding the sole right to sell the product of U.S. Patent No. 4,117,644, and no question that National Gypsum was in fact the bona fide purchaser for value of exclusive sale rights in the Weinar patent, the Federal Circuit correctly decided that 35 U.S.C. ¶ 261 is not applicable.

The Federal Circuit correctly understood the relationship between National Gypsum as an exclusive distributor under transfer of the right of sale of the patent product from patentee-Weinar, and recognized the unfairness of allowing unjust enrichment by Rollform et al on infringing the patented product exclusively distributed by National Gypsum in the U.S.

To allow Rollform et al to reassert the defense that National Gypsum is a non-exclusive licensee without right to sue for recovery of damages would be to allow it to be advantaged by infringing the rights of a valid U.S. patent. This would be clearly inconsistent with 35 U.S.C. 281 and the cases supra establishing that two parties sharing the property rights

represented by a patent may have their respective rights protected by injunction and each, when properly joined in a suit, may be entitled to damages.

CONCLUSION

Petitioner has not shouldered its burden of identifying special or important considerations warranting review on certiorari. Indeed, the opinion of the United States Court of Appeals for the Federal Circuit was entirely correct. For the foregoing reasons it is respectfully requested that the petition for the writ of Certiorari sought by Rollform et al be denied.

Respectfully submitted,

ERIC P. SCHELLIN

Counsel of Record
Attorney for Respondents

Dated: *February 27, 1985*